



Performance model of community pharmacies in low-middle income countries: A societal perspective



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ABSTRACT

During the last decades, pharmacies have been playing an important role in improving the health of societies; they provide pharmaceutical products and patients' care services for communities. This study aimed to investigate the contribution of the managers' skills to the performance of community pharmacies. This study is a cross-sectional survey that was performed using three separate self-administered questionnaires to collect data from managers, employees, and the clients of pharmacies. In order for answering to the research question, four hypotheses are developed and analyzed by using Structural Equation Modeling. The results supported the research model and revealed that managers' skill significantly influence the performance of the pharmacies in terms of client satisfaction, employee satisfaction, and financial outcome. In addition, the results highlighted that among the pharmacy performance, financial outcome is one that is greatly related to managers' skills.

1. Introduction

The health continuum contains several key players, among which pharmacists who are working in community pharmacies, play a pivotal role in improving the health of a society in general and pharmaceutical utilization in particular (Yousefi et al., 2015). In other words, thanks to being available, people are easily able to contact pharmacists to discuss their health concerns (Mehralian et al., 2015). With this in mind, the provision of sustainable services by pharmacists, which promotes health literacy in society, strongly depends on pharmacies being well-run businesses. Furthermore, people in today's industrialized world are experiencing a high level of specialization in their life and every profession has to adapt to this change to survive and remain useful (Kasiri et al., 2017; Wangenheim et al., 2007). In such a complex context, the level of a manager's commitment, motivation, capabilities, and skills plays an important role in the success of an organization. Although the principles of management are similar in different organizations, the exact skills required vary from business to business, depending on their operational structure and regulations (Faris et al., 2005). In addition, the size of an organization is another factor that has a great effect on managerial issues; the skills needed to manage small enterprises such as pharmacies significantly differ from those required to manage large ones (Shabaninejad et al., 2014). More specifically, there are some managerial skills (MS) that are critical in the core business of a

pharmacy practice such as planning, communication, information technology, financial management, and human resource management (Latif, 2002). In this regard, it is well-understood that lack of pharmacists' managerial skills not only adversely affects the non-professional performance of a pharmacy but it can also interfere with their ability to provide pharmaceutical care to society.

Research has confirmed that there is a direct link between managerial skills and organizational performance in large firms (Mathieu et al., 1993). In small enterprises, although researchers believe that the level of managers' skills can influence organizational success or failure even in small business (Appelbaum and Kamal, 2000; Jennings and Beaver, 1997), little information is available with respect to which managerial skills are necessary for the successful management of these enterprises, especially in the context of less developed countries (Alarifi, 2013; King, 1990). Thus, in this study, we decided to examine the contribution of managerial skills on the performance of community pharmacies in terms of employee satisfaction, client satisfaction, and financial performance. To this end, the authors have developed some hypotheses which address the research question of the study. In the next section, a brief summary of the interactions between the studied variables will be provided.

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2. Managerial skills and performance

All businesses, whether they are manufacturers or service providers, have to compete with their rivals to maintain their market share and ensure their profitability. However, the achievement of such goals is difficult and there are a great number of challenges with which organizations must cope, regardless of their size and activity. These include such critical areas as finance, employees, and clients' affairs (Curtis et al., 1989; Latif, 2002; Luthans, 1985). Hence, it is worth discussing in detail and how managerial skills contribute to the appropriate handling of these issues, with a particular focus on the pharmacy context. Generally, organizations face shortfalls in resources, and these are often particularly acute in small businesses such as community pharmacies (Al-arifi, 2013). A good manager should be able to administer a pharmacy in a sustainable manner and maximize its productivity by employing talented staff and then providing these employees with opportunities for growth and self-enrichment (Al-arifi, 2013; Mehralian et al., 2014a; Michie and West, 2004). Although there is a dearth of literature on the topic of which managerial skills are particularly essential for pharmacies to be proficient (Faris et al., 2005), in general, there are four different skills which are considered to be essential for competent and effective managers (Latif, 2002; Mintzberg, 1975; Robert, 1974). They are as follows:

1. Conceptual skills: managers must understand the relationship between the different components of the business and the business as a whole. This skill is needed to identify and modify the strengths and weaknesses of a business and to recognize unexpected events, and is also applied to problem solving, decision making, planning, and organizing.
2. Human skills: a manager needs to understand how to motivate and effectively work with their colleagues. More specifically, a pharmacy manager should be able to effectively communicate with other health care professionals, clients, and staff. The term human skills encompasses developing self-awareness, managing personal stress as well conflicts, coaching, counseling, motivating, and empowering others (Jacobs et al., 2014; Mehralian et al., 2013). In other view, based on Maslow's hierarchy of needs, people's satisfaction can be reflected by their self-actualization (such as opportunities for professional development), esteem (such as promotions, expression of appreciation for efforts and contributions, and respectful performance feedback), belonging (such as involvement of employees in decision making), safety and security (such as adequate lighting, protection from workplace violence, and hazardous chemicals), basic physical needs (such as regular breaks and climate control in work place).
3. Technical skills: this includes the ability to utilize tools and to follow procedures and the specialized activities of a profession such as competency in Pharmaco-economics, financial management techniques, and information technology skills.
4. Political skills: this area can be described as skills in gaining power and influence. Latif (2002) and Mintzberg (1975) believes that political skills refer to the practice of influence through persuasion, manipulation, and negotiation (Faris et al., 2005).

Research has shown that all of these skills are important for managerial success however, the importance of different skills may vary between individuals at different levels of the management structure (Latif, 2002). Human resources are the most expensive investment; therefore, the inadequate management of human resources can cause great, if not the greatest, damage to a business (Al-arifi, 2013). As pharmacy employees are in direct contact with their clients, their satisfaction is of critical importance as their dissatisfaction may increase staff turnover and training costs, thereby degrading productivity and financial performance (Dickson et al., 2001; Gray et al., 1996; Jeon and Choi, 2012; Jing et al., 2011). Given the importance of client satisfaction and retention (Atulkar and Kesari, 2017), the American Consumer Association illustrated that it is five times more expensive to win a new client than to keep an existing one. This ought to strongly motivate managers to do their best to retain clients using different approaches based on the nature of the services involved. For example, in the context of pharmacies in which clients greatly trust in pharmacists to follow their medication (Mehralian et al., 2015), the role of pharmacists in creating an effective, mutual relationship with patients is of great importance in ensuring that clients continue to purchase from them. More specifically, it is well addressed that customers satisfaction is a paramount antecedent of loyalty in retail businesses (Bodet, 2008; Carpenter, 2008).

With respect to financial skills, the most important financial aspects of managing a small business such as pharmacy include acquiring the needed capital for a pharmacy, managing cash, managing receivables, and investing in inventory (Gill and Biger, 2012). Therefore, it is clear that the financial knowledge of pharmacy managers should be of a sufficient standard to allow them to effectively manage a pharmacy or indeed any other businesses.

3. Hypotheses development

Although the existing body of literature in the area of pharmacy management is scanty, literature in other service sectors has indicated that there are three general measures of business performance namely, employee satisfaction, client satisfaction, and financial performance (Brown and Leigh 1996; Lichtenstein et al., 2010; Chi and Gursoy 2009; Mehralian et al., 2014a; Iyer and Doucette 2003; Lazim et al., 2015; Allen et al., 2013; Reijonen and Komppula 2007; Jing et al., 2011). It is on these indicators that we base our hypotheses; specifically, one main hypothesis and three sub- hypotheses were proposed as outlined in Fig. 1.

H1. . There is a positive relationship between the level of managerial skills and pharmacy performance.

H1a. . Managers' skills positively influence pharmacy employee satisfaction.

H1b. . Managers' skills positively influence pharmacy client satisfaction.

H1c. . Managers' skills positively influence the financial performance of pharmacies.

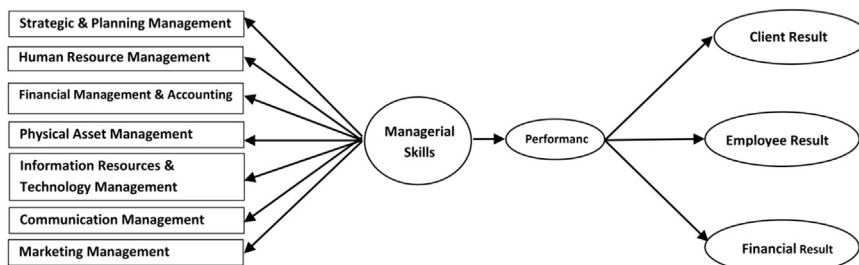


Fig. 1. Research model.

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